

**ACCESS FOR INFANTS AND MOTHERS PROGRAM
And
HEALTHY FAMILIES PROGRAM
MANAGED RISK MEDICAL INSURANCE BOARD
BUDGET TRAILER BILL
FINAL STATEMENT OF REASONS**

Insurance Code Sections 12695, et seq. established the Access for Infants and Mothers (AIM) Program in 1991, to provide health insurance to low and moderate income pregnant women and the infants born to the covered women. The program, established under the Managed Risk Medical Insurance Board (MRMIB), is funded from four sources: the Cigarette and Tobacco Products Surtax Fund (Prop. 99), State General Fund, Federal Funds from Title XXI of the Social Security Act, and subscriber contributions. AIM is a means tested program, covering pregnant women with family incomes above 200%, but not more than 300%, of the federal poverty level (FPL). Women with family incomes below 200% FPL qualify for no cost Medi-Cal services for their pregnancy, funded by State and Federal dollars. Currently, AIM covers the infants born to the covered women for a period of up to two years. Many of the infants born into AIM would also be eligible for another of the board's programs, the Healthy Families Program (HFP), which covers infants in families from 200% through 250% of the federal poverty level.

The HFP also provides health services to uninsured, low-income children. The program is targeted to serve children through age 18 whose family's income, although low, is too high to qualify for the Title XIX Medicaid Program, called Medi-Cal in California. The Managed Risk Medical Insurance Board (MRMIB) also administers the HFP. The basic structure of the HFP is set out at Chapter 5.8 of Title 10 of the California Code of Regulations.

The 2003 health program budget trailer bill, AB 1762 (Chapter 230, Statutes of 2003), directed the MRMIB to provide automatic enrollment of infants, born to AIM subscribers enrolled on or after July 1, 2004, into the HFP. Prior to the implementation of the trailer bill, infants born to AIM subscribers were eligible for the AIM Program for 2 years; however, AB 1762 provides that infants born to AIM subscribers who are enrolled on or after July 1, 2004, will be automatically enrolled in the HFP at birth and will not be eligible for AIM. Infants born to AIM subscribers who are enrolled prior to July 1, 2004, will remain eligible for the AIM Program for 2 years.

These changes will allow the State to draw down more Federal funding, to improve coordination and linkages between the AIM and HFP programs, and to enhance customer services for the programs.

AB 1762 includes the following provisions:

- An infant born to an AIM subscriber who is enrolled in the AIM program on or after July 1, 2004, shall be automatically enrolled in the HFP.
- The infant's coverage will be effective on the date of birth.
- The enrollment shall cover the first 12 months of the infant's life, and at the end of the 12 months, income information shall be provided as a condition of continued eligibility, under the HFP Annual Eligibility Review process. The infant shall be disenrolled if the income is either under or over the AIM income eligibility standard.

Implementing AB 1762 requires changes to both the AIM and HFP regulations. For an AIM subscriber who is enrolled in the AIM program prior to July 1, 2004, the subscriber contribution is 2% of adjusted household income; however, for a subscriber who is enrolled in the AIM program on or after July 1, 2004, the contribution rate will be reduced to 1.5% since the infant will not be covered under the AIM program, and the infant's family will be paying monthly HFP subscriber contributions. The AIM regulations were amended to describe the different subscriber rates for AIM subscribers.

The current AIM regulations describe the registration process for infants born to subscribers who are enrolled prior to July 1, 2004. The regulations were amended to describe the different registration process for infants born to subscribers who are enrolled on or after July 1, 2004.

In addition to the regulatory changes made in accordance with AB 1762, MRMIB incorporated changes regarding acceptable income documentation to determine AIM eligibility. The term "spouse of a pregnant woman" was added to the definition of family member. This had been inadvertently left out of the definition, but is necessary to insure that AIM eligibility is based on household income, as required by law. The W-2 form was deleted as an acceptable form of income documentation and a Notice of Action from a County Welfare Department was added as an acceptable form of income verification. The changes were made to make acceptable documentation consistent in the AIM, HFP, and Medi-Cal programs, which is necessary for automatic enrollment of AIM born infants into HFP to work.

Other sections of the AIM regulations were amended because they were impacted by the changes being made in the AIM and HFP programs, to add a necessary definition and to make technical corrections. These are detailed below.

The HFP regulations did not include provisions for enrollment or coverage for AIM infants. To conform to AB 1762, it was necessary to add a section to the current

regulations to explain the registration and enrollment process that must be followed after an AIM infant is born. In order to have the infant automatically eligible for the HFP, retroactive to the date of birth as described below, the AIM subscriber must notify the HFP by the end of the eleventh month following the month of the infant's birth.

To implement the automatic enrollment requirements of AB 1762, coverage for AIM infants will be effective on the date of the infant's birth. Currently, for HFP pre-enrolled newborns, coverage begins no earlier than 10 days after birth because of the required 10-day notification for health plans. A subsection was added to the current HFP regulations to explain that AIM born infants are covered as of their dates of birth.

An AIM infant's automatic enrollment into the HFP will cover the first twelve (12) months of the infant's life. At the end of 12 months, as a condition of continued eligibility, the applicant will provide income information like any other family in the HFP. The infant will be disenrolled if the adjusted annual household income exceeds 300% of the federal poverty level or is under the income floor for the HFP. Amendments to the HFP regulations are not necessary for this provision of AB 1762 because Insurance Code Section 12693.70, which describes the income eligibility requirements, is already referenced in the HFP eligibility regulations.

AIM infants are initially assigned the same health plan as the AIM subscriber. In order to be consistent with the current HFP policy of keeping siblings in a household together in the same HFP plan, AIM infants with siblings in the HFP will be automatically transferred to their siblings' HFP plan after month two; however, exceptions are provided for children who, for health reasons, require continuity of care. The HFP regulations were amended to reflect the transfer process.

The HFP regulations were also revised to add an initial HFP health plan rate for AIM infants covering the birth month through the end of the AIM infant's second month of life. After this period, the health plan will be paid rates in accordance with the age and geographic region risk categories set forth in the current HFP regulations. The initial health plan rate is applicable only to health plans participating as contractors in the AIM program and shall cover a health plan's entire service area. The regulations establish the criteria for health plans who want to participate in AIM and HFP as contractors to develop their rates. The actual rates are negotiated with each contracting plan.

Other sections of the HFP regulations were amended because they are impacted by the changes being made in the AIM and HFP programs, to add necessary definitions and to make technical corrections. These are detailed below.

AIM REGULATION CHANGES

Article 1. Definitions

Section 2699.100

Specific Purpose of the Change

Section 2699.100 establishes those definitions that are necessary to clarify the meaning of terms used in these regulations. The definition of “family member” was amended to include “the spouse of the pregnant woman” because it was inadvertently not included in the original definition, though implicitly required by all applicable law. The definition of “Healthy Families Program” was added because it is now referenced in the AIM regulations.

Rational for the Necessity of the Change

Amend 2699.100(j). “The spouse of the pregnant woman” was added to the definition of “family member.” It was inadvertently not included in the definition previously. AIM statute, Insurance Code Section 12698(b)(2), requires that eligibility be based on household income, which would include that of the spouse.

Add Subsection 2699.100(m), “Healthy Families Program.” This definition was added because infants being born to AIM subscribers who are enrolled on or after July 1, 2004 will be automatically enrolled in the Healthy Families Program (HFP). It was necessary to include the definition because the HFP was not previously referenced in the AIM regulations.

Subsections 2699.100(m), “Income deduction” through (x), “Time.” The citations were renumbered from (m) through (x) to (n) through (y) because the Healthy Families Program definition was added as Subsection 2699.100(m).

Article 2. Eligibility, Application, and Enrollment

Section 2699.200

Specific Purpose of the Change

This section explains the eligibility requirements for the program. It was amended to incorporate the new eligibility requirements pursuant to AB 1762 for infants born to AIM subscribers who are enrolled on or after July 1, 2004.

Rational for Necessity of the Changes

Amend Subsection 2699.200(b)(2). The words “That was” were deleted to make the sentence grammatically correct. The words “Who was enrolled prior to July 1, 2004” were added to specify that an infant is covered by the AIM program only if the infant is born to a subscriber who was enrolled prior to July 1, 2004. In accordance with Insurance Code Section 12693.765, added by AB 1762, infants born to AIM subscribers who are enrolled on or after July 1, 2004, are eligible for only the HFP.

Section 2699.201

Specific Purpose of the Change

This section describes the information on the application and the additional documentation that is required when applying for the program. It was amended to make necessary technical changes and to clarify the acceptable income documentation to be consistent with the HFP regulations and Medi-Cal. Since all three programs, AIM, HFP, and Medi-Cal, serve a continuum of income levels, the income documentation needs to be consistent.

Rational for the Necessity of the Changes

Amend Subsection 2699.201(d)(1). In order to reference the most recent application, the application date was changed from July, 2002 to June, 2004.

Amend Subsection 2699.201(d)(1)(M). The words “Include either” were changed to “be provided for the previous or current year as indicated below” to clarify that income from the current year or the previous year may be provided.

Amend Subsection 2699.201(d)(1)(M)1.a. The language was re-written to be more concise and to be consistent with the HFP regulations. A Federal tax return may be used for income verification and, if self-employed, a Schedule C must be included.

Delete Subsection 2699.201(d)(1)(M)1.b. To be consistent with the HFP policies and regulations, W-2 forms are no longer accepted for verification of income. A Federal personal income tax return is still acceptable and is included in Subsection 2699.201(d)(1)(M)1.a. Internal Revenue Service Form 1099 is still acceptable and was moved to the amended Subsection 2699.201(d)(1)(M)1.b.

Amend Subsection 2699.201(d)(1)(M)1.c. The citation was changed from c. to b. because the previous subsection was deleted. The phrase “and that reflect the current benefit amount” was added to clarify that acceptable income documentation must show the current amount of income received. The income types “loans to meet personal needs,” “rental income,” and “dividends” were added to be consistent with the HFP

regulations. "Internal Revenue Service (IRS) Form 1099" was moved to this subsection from the previous Subsection 2699.201(d)(1)(M)1.b., which is now deleted.

Subsection 2699.201(d)(1)(M)2.a.i. The citation was changed to 2699.210(d)(1)(M)2.a. because it was previously formatted incorrectly. This is a formatting change only.

Amend Subsection 2699.201(d)(1)(M)2.a.iii. The phrase "of the application date" was changed to "of the date the program receives the document" to clarify that the date used to determine if income documentation is current is the date that the application is received by the program, not the date that the application is signed by the applicant.

Delete Subsection 2699.201(d)(1)(M)2.a.vi. This subsection was deleted because it was contradictory. A pay stub or copy of a paycheck is not required with an employer letter because a pay stub or copy of a paycheck is acceptable verification on its own.

Amend Subsection 2699.201(d)(1)(M)2.ii. The citation was changed to 2699.210(d)(1)(M)2.b because it was previously formatted incorrectly. The phrase "of the application date" was changed to "of the date the program receives the document" to clarify that the date used to determine if income documentation is current is the date that the application is received by the program, not the date that the application is signed by the applicant.

Amend Subsection 2699.201(d)(1)(M)2.iii. The citation was changed to 2699.210(d)(1)(M)2.c because it was previously formatted incorrectly. The phrase "of the application date" was changed to "prior to the date the program receives the document" to clarify that the date used to determine if income documentation is current is the date that the document is received by the program, not the date that the document is signed by the applicant.

Add Subsections 2699.201(d)(1)(M)2.c.i-iv. These subsections were added to further clarify the information that must be included in a 3-month profit and loss statement in order for it to be considered acceptable income verification. The information includes: 1) date, 2) name, address and telephone number of the business, 3) gross income, expenses, and net profit itemized on a monthly basis, and 4) a statement signed by the person who earned the income, which states "the information provided is true and correct."

Add Subsections 2699.201(d)(1)(M)2.d.i-iii. These subsections were added, because in order to be consistent with the HFP regulations, a letter or Notice of Action from the County Welfare Office is an acceptable form of income verification. The letter or Notice of Action must include: 1) for each person for whom the application is made, a statement that the person is eligible for share-of-cost Medi-Cal, 2) A determination of total monthly household income, and, 3) a determination of the number of family members living in the household.

Amend Subsection 2699.201(d)(1)(M)2.b. The citation was changed to 2699.210(d)(1)(M)2.e as a result of reformatting. The phrase “and that reflect the current benefit amount” was added to clarify that acceptable income documentation must be current. The phrases “loans to meet personal needs,” “rental income,” and “dividends” were added as acceptable forms of income documentation to be consistent with the HFP regulations. Some of the language was re-formatted for purposes of clarity only.

Amend Subsection 2699.201(d)(1)(N). In order to be consistent with the AIM application, the word “receipts” was added to the acceptable documentation for alimony paid, child care and/or disabled dependent care expenses paid.

Section 2699.205

Specific Purpose for the Changes

This section describes the process for registering an infant after he or she is born. The section was amended to comply with AB 1762, which includes a different registration process for infants born to subscribers who are enrolled on or after July 1, 2004. The amendments describe and differentiate the registration process between infants born to subscribers enrolled prior to July 1, 2004, and infants born to subscribers enrolled on or after July 1, 2004.

Rational for Necessity of the Changes

The Section 2699.205 title was changed from “Registration of Infant” to “Registration of Infants” for clarity purposes only.

Amend Subsection 2699.205(a). The phrase “within thirty (30) days of birth of an infant a subscriber shall notify their participating health plan in writing of the following information about the infant” was moved from this subsection to 2699.205(a)(1) and rephrased for grammatical reasons. The phrase “for infants born to subscribers who are enrolled prior to July 1, 2004, the subscriber shall register the infant as follows” was added to specify that the process described in this subsection is for infants born to subscribers who are enrolled in the program prior to July 1, 2004.

Amend Subsection 2699.205(a)(1). The phrase “name; and” was moved from this subsection to new Subsection 2699.205(a)(1)(A). The phrase “within thirty (30) days of birth of an infant a subscriber shall notify their participating health plan in writing of the following information about the infant” was moved from Subsection 2699.205(a) to this subsection and rephrased for grammatical reasons.

Subsection 2699.205(a)(2). The citation was changed to 2699.205(a)(1)(B) because of formatting changes.

Subsection 2699.205(a)(3). The citation was changed to 2699.205(a)(1)(C) because of formatting changes.

Subsection 2699.205(a)(4). The citation was changed to 2699.205(a)(1)(D) because of formatting changes.

Subsection 2699.205(b). The citation was changed to 2699.205(a)(2) because of formatting changes.

Add Subsection 2699.205(b)(1)(A)-(C). These new subsections were added pursuant to Insurance Code Section 12693.765, added by AB 1762, to describe the registration process for infants born to subscribers who are enrolled in the program on or after July 1, 2004. Upon the infant's birth, the subscriber shall notify the HFP no later than the end of the eleventh month following the infant's month of birth of the infant's name, date of birth, and sex. This gives the program time to process the information, enroll the AIM infant, notify the health plan, and send out the Annual Eligibility Review (AER) packet.

Add Subsection 2699.205(b)(2). This new subsection explains that the HFP will request the infant's birth weight and primary care provider information from the subscriber. The birth weight information is an indicator used to measure the AIM program's success in healthy birth outcomes. The primary care provider information is requested so that the program is able to assign the baby with a plan provider earlier.

Add Subsection 2699.205(b)(3). This new subsection states that, subject to all requirements specified in the statute and regulations, the AIM infant will be enrolled in the HFP with coverage effective on the date of the infant's birth, pursuant to the automatic enrollment requirements of Insurance Code Section 12693.765.

The NOTE was amended to include a new reference section to the Insurance Code Section 12693.765.

Section 2699.209

Specific Purpose for the Change

This section describes effective dates of coverage for AIM subscribers and infants and was amended to comply with Insurance Code Section 12693.765, added by AB 1762.

Rational for Necessity of the Changes

Amend 2699.209(c). The phrase "who is enrolled prior to July 1, 2004" was added to specify that the 2 year coverage in the program is only for infants born to subscribers who are enrolled prior to July 1, 2004.

Article 4. Subscriber Contributions

Section 2699.400

Specific Purpose for the Changes

This section describes the subscriber contribution amount that subscribers are required to pay. The section was amended because subscriber contributions for subscribers who are enrolled in the AIM program on or after July 1, 2004 will be lower since the infant will not be covered under the AIM program, and the family will now be paying HFP subscriber contributions.

Rational for Necessity of the Changes

Amend Subsection 2699.400(a) (2). The phrase “for subscribers who are enrolled prior to July 1, 2004” was added to clarify that only subscribers who are enrolled in the program prior to July 1, 2004 are required to pay 2% of their gross household income. The word “subscriber” was changed to “subscriber’s” because it is grammatically correct.

Amend Subsection 2699.400(a) (3). The phrase “for infants born to subscribers who are enrolled prior to July 1, 2004” was added to clarify that only infants born to subscribers who are enrolled in the program prior to July 1, 2004 and who remain in the AIM Program are required to pay \$100 for second year coverage.

Add Subsection 2699.400(a)(4). This subsection was added to describe the contribution rate for subscribers who are enrolled in the program on or after July 1, 2004. Their contribution rate will be 1.5% of the gross household income instead of 2% because their infants will not be covered by the program since they are automatically enrolled in the HFP. The reduction for AIM mothers whose infants are enrolled in HFP was selected because it approximates the cost of family contributions and co-payments that the family will now be making for the infant in the HFP.

Amend Subsection 2699.400(c). The phrase “born to a subscriber who is enrolled prior to July 1, 2004” was added to the current AIM requirement that, in the case of multiple births to a subscriber, the \$100 payment for an infant’s second year of coverage applies to each infant.

Section 2699.401

Specific Purpose for the Change

This section explains the discount received by a subscriber for prepayment of a subscriber contribution. It was rephrased for clarity.

Rational for Necessity of the Changes

Amend Section 2699.401. The language in this section was restructured to clarify that the subscriber contribution amount will be reduced by \$50 if the total annual subscriber contribution amount is submitted with the application. The discount is current AIM policy. This is a technical change only.

HFP REGULATIONS CHANGES

Article 1. Definitions

Section 2699.6500

Specific Purpose of the Change

Section 2699.6500 establishes those definitions that are necessary to clarify the meaning of terms used in these regulations. The definitions of “Access for Infants and Mothers (AIM) Program” and “AIM infant” were added because AB 1762 states that infants born to AIM subscribers who are enrolled on or after July 1, 2004, will be automatically transferred to the HFP. AIM was not previously referenced in the HFP regulations.

Rational for Necessity of the Change

Amend Subsection 2699.6500(a). The “agriculture” definition was moved to Subsection 2699.6500(b) so that the definition of “Access for Infants and Mothers (AIM) Program” could be added. This definition was added because infants born to AIM subscribers who are enrolled on or after July 1, 2002, will be automatically enrolled in the HFP. It was necessary to include the definition because AIM was not previously referenced in the HFP regulations.

Amend Subsection 2699.6500(b). The “Alaska Native” definition was moved to Subsection 2699.6500(d) because the definitions of “Access for Infants and Mothers (AIM) Program” and “AIM infant” are being added.

Amend Subsection 2699.6500(c). The “American Indian” definition was moved to Subsection 2699.6500(e) because the definitions of “Access for Infants and Mothers (AIM) Program” and “AIM infant” are being added. The “AIM infant” definition was added because an AIM infant whose mother was enrolled AIM on or after July 1, 2004, will be automatically enrolled in the HFP. It was necessary to include this definition because AIM infants were not previously referenced in the HFP regulations.

Amend Subsections 2699.6500(b), “Alaska Native” through (oo), “Tenses, and Number.” The citations were changed from (b) through (oo) to (d) through (qq) due to

formatting changes because “Access for Infants and Mothers (AIM) Program” and “AIM infant” were added to the definitions.

Article 2. Eligibility, Application, and Enrollment

Section 2699.6600

Specific Purpose of the Change

This section describes the information on the application and the additional documentation that is required when applying for the program. It was amended to make necessary technical changes and to clarify the acceptable income documentation.

Rational for Necessity of the Changes

Amend Subsection 2699.6600(c)(1)(H). “If an individual is pregnant, it should be indicated, along with the expected due date” was moved to this subsection from 2699.6600(c)(1)(H)1. to be consistent with the HFP application instructions.

Amend Subsection 2699.6600(c)(1)(H)1. Part of the last sentence, “the list(s) shall also indicate any family member living in the home that is pregnant and their expected due date” was moved to Subsection 2699.6600(c)(1)(H) to be consistent with the HFP application instructions and was slightly reworded for grammatical reasons.

Amend Subsection 2699.6600(c)(1)(I). The information originally in this subsection was moved to Subsection (c)(1)(J) because new subsection (I) was added to be consistent with the HFP application. All family members living in the home who had income in the previous or current calendar year must be listed.

Amend Subsection 2699.6600(c)(1)(J). The citation was changed from J to K because of reformatting above. Language was added and restructured to clarify that income documentation must be provided for each person with income listed in subsections (F) and (H) and that the income may be for either the previous year or the calendar year.

Amend Subsection 2699.6600(c)(1)(K)1. a. and b. These sections were amended to be consistent with the AIM regulations. Income documentation requirements were broken down into documents that are acceptable for the previous calendar year and documents that are acceptable for the current calendar year. These were reformatting changes only.

Delete Subsection 2699.6600(c)(1)(K)1.c. This information was moved to Subsection 2699.6600(c)(1)(K)1.a because of reorganization of this subsection.

Subsection 2699.6600(c)(1)(K)2.a-c. This citation was changed to 2699.6600(c)(1)(K)2.d.i.-iii because of reformatting.

Add Subsection 2699.6600(c)(1)(K)2.a. This subsection was added to clarify that a current pay stub or unemployment stub is acceptable income documentation for the current calendar year.

Add Subsection 2699.6600(c)(1)(K)2.b.i-v. This subsection was added to clarify that a letter from a current employer is acceptable income documentation for the current calendar year. This subsection also details the information that must be included in the employer letter.

Add Subsection 2699.6600(c)(1)(K)2.c.i-iv. This subsection was added to clarify that, for a self-employed person, a 3-month profit and loss statement is acceptable income documentation for the current calendar year. This subsection also details the information that must be included in the profit and loss statement.

Add Subsection 2699.6600(c)(1)(K)2.e. This subsection was added to the list of acceptable documentation for proof of various types of income or deductions. This subsection is now consistent with Subsection 2699.6600(c)(1)(K)1.b., which lists documentation for the previous year income, because these documents may be accepted for either the previous year or the current calendar year.

Amend Subsection 2699.6600(c)(1)(K). The citation was changed from K to L as a result of re-lettering. In order to be consistent with the HFP application, “receipts” was added to the acceptable documentation for alimony paid, child care and/or disabled dependent care expenses paid.

Subsections 2699.6600(c)(1)(L) through (HH). The citations were changed to 2699.6600(c)(1)(M) through (II) because of reformatting.

Section 2699.6606

Specific Purpose of the Change

This section explains the review process to assess if applications are complete. This section was amended to reflect a citation change because of re-lettering changes in Section 2699.6600 and to reflect the actual title of the Add a Person Form

Rational for Necessity of the Change

Amend Subsection 2699.6606(a) to reflect the Add a Person Form title.

Amend Subsection 2699.6606(b). The citation for 2699.6600(c)(1)(S) was changed to 2699.6600(c)(1)(T) because of reformatting in Section 2699.6600.

Section 2699.6607

Specific Purpose of the Change

This section explains how to determine program eligibility. This section was amended to reflect a citation change due to re-lettering changes in Section 2699.6600 and to reflect the actual title of the Add a Person Form

Rational for Necessity of the Change

Amend Subsection 2699.6607(a) to reflect the Add a Person Form title.

Amend Subsection 2699.6607(a)(3). The citation for 2699.6600(c)(1)(S) was changed to 2699.6600(a)(1)(T) because of reformatting in Section 2699.6600.

Section 2699.6608

Specific Purpose of the Change

This section (Enrollment of AIM infants) was added to describe the process for registering an AIM infant in the HFP. This section was added to comply with AB 1762, which states that AIM infants born to AIM subscribers who are enrolled on or after July 1, 2004, will be automatically enrolled in the HFP.

Rational for Necessity of the Changes

Add Section 2699.6608(a) through (f). This section describes the process for enrolling AIM infants into the HFP. In order for the AIM infant to be enrolled in the HFP, the HFP must receive the required family child contribution and the name, date of birth and gender of the baby, prior to the end of the eleventh month following the month of birth. This gives the program time to process the information, enroll the AIM infant, notify the health plan, and send out the Annual Eligibility Review (AER) packet. Infants in need of immediate health care services will be immediately enrolled if the mother's health plan notifies the program in writing of the need for services and provides the name, date of birth, and sex of the infant, and the notification occurs no later than the 10th day of the second full calendar month of the infant's life. In this circumstance, the required family child contribution will be billed to the AIM mother, and if the contribution is not paid, the provisions of the HFP concerning disenrollment for failure to pay the required contribution shall govern. Under these provisions, the AIM infant's coverage is for at least two full months after the program is notified, even if the family contribution is not eventually collected. This coverage is critical for the infant's health during the early

days after birth and in order for the program to reimburse the health plans with the AIM infant rate established in Section 2699.6801 for the cost of coverage after the birth.

The HFP will also request the weight at birth and primary care provider information. The birth weight information, which has always been collected for infants in the AIM Program, will be used for program evaluation. Birth weight is a key factor in evaluating the results of prenatal care provided through AIM. The HFP must also accept the baby's information from the AIM subscriber's health plan or a health care provider that provided services to the AIM subscriber or the AIM infant. The AIM infant will be covered by the same health plan in the HFP as the mother is covered by through AIM.

Section 2699.6611

Specific Purpose of the Changes

This section describes situations in which subscribers will be disenrolled from the program. This section was amended to reflect a citation change because of re-lettering changes in Section 2699.6600.

Rational for Necessity of the Changes

Amend Subsection 2699.6611(a)(3). The citation for 2699.6600(c)(1)(S) was changed to 2699.6600(a)(1)(T) because of reformatting in Section 2699.6600.

Amend Subsection 2699.6611(g). The citation for 2699.6600(c)(1)(S) was changed to 2699.6600(a)(1)(T) because of reformatting in Section 2699.6600.

Section 2699.6613

Specific Purpose of the Change

This section specifies the starting date of coverage for subscribers. It was amended to include the starting date of coverage for AIM infant subscribers. Consistent with AB 1762, coverage for AIM infants begins on the infant's date of birth.

Rational for Necessity of the Changes

Add Subsection 2699.6613(a)(6). AIM infant was added to the list of exceptions to the rule that coverage shall begin for subscribers no later than ten (10) calendar days from the date the person is determined eligible.

Add Subsection 2699.6613(g). Consistent with AB 1762, coverage for AIM infant subscribers is effective on the infant's date of birth. The previous Subsection 2699.6613(g) was changed to 2699.6613(h) because of re-lettering.

Section 2699.6617

Specific Purpose of the Changes

This section describes how to request additional enrollments into the HFP. This section was amended to be consistent with the information requested on the “Add a Person Form.”

Rational for Necessity of the Changes

Amend Subsection 2699.6617(a). The word “Application” was changed to “Form” to reflect the correct name of the form. “09/14/01 New” was changed to “11/17/03” to reflect the most current form. The citation 2699.6600(F)4. – (F)10. was changed to (F)3. – (F)11., and (F)13. was changed to (F)15. to be consistent with the “Add a Person Form.” Subsections 2699.6600(J), (M), (N), (O), (P), (Q), (U), (Z)1., (Z)3., (Z)4., and (GG) were deleted to be consistent with the “Add a Person Form.”

Amend Subsection 2699.6617(c). “09/14/01 New” was changed to “11/17/03” to reflect the most current form.

Section 2699.6619

Specific Purpose of the Change

This section describes when a subscriber shall be transferred from one health, dental, or vision plan to another. To be consistent with the current policy of HFP that siblings be covered by the same health plan, this section was amended to add that an AIM infant will be transferred to the same health plan as his/her sibling on the first day of the infant's third calendar month of birth, unless one of the specified exceptions applies.

Rational for Necessity of the Changes

Add Subsection 2699.6619(a)(5). This subsection was added to explain that an AIM infant subscriber will be transferred, effective the first day of the infant's third calendar month of birth, if he or she has siblings in a different health plan, unless one of the specified exceptions applies. The infant must start life enrolled in the same plan as the AIM mother in order for the plan to enroll the infant automatically pursuant to AB 1762 and coordinate care, and because of the need to reimburse the AIM health plan in HFP at a different premium rate. (See Section 2699.6801.)

Add Subsection 2699.6619(f)(1)-(2). This subsection explains that an AIM infant subscriber will be automatically transferred to the same health, dental, and vision plan that his or her sibling(s) is enrolled in, effective on the first day of the infant's third calendar month of birth unless the applicant submits a letter stating that the infant

requires continuity of care and requests the siblings to be transferred to the AIM infant's plan, or the applicant requests that the AIM infant remain in his or her current plan and the siblings remain in their current plan. This allows the mother a degree of choice if the infant must remain in the birth plan in order to receive continuity of care for serious health conditions. If siblings remain in different health plans, the applicant must choose the same health plan for all children living in the household during the Open Enrollment period after the AIM infant's first birthday. An AIM infant subscriber shall also be transferred if the applicant so requests in writing once within the first three (3) months from the date of the infant's birth and the infant does not have siblings in the HFP. This is consistent with the transfer policy in the HFP for new enrollees.

Section 2699.6625

Specific Purpose of the Changes

This section describes the annual eligibility review process. This section was amended to reflect citation changes because of re-lettering changes in Section 2699.6600.

Rational for Necessity of the Changes

Amend Subsection 2699.6625(c). The citation 2699.6600(c)(1)(J) was changed to 2699.6600(c)(1)(K), and the citation 2699.6600(c)(1)(K) was changed to 2699.6600(c)(1)(L), because of reformatting in Section 2699.6600.

- *Through the 15-Day Re-notice process, Section 2699.6625, Annual Eligibility Review for Subscribers, was revised to require an applicant who enrolls an AIM infant after the age of nine months to provide the necessary AER information at the time of enrollment.*

New section 2699.6608 allows the AIM mother to enroll the AIM infant into the HFP at any time up to the end of the eleventh month after birth, as long as basic enrollment information and family contribution payments are received. This period was selected to implement the requirement for automatic enrollment of AIM infants born to mothers who were enrolled in AIM on or after July 1, 2004 and to be consistent with the family contribution and registration requirements of the HFP. Although MRMIB believes that most families will enroll the infant early in the first year, families who enroll their infants late may run afoul of another requirement of the HFP, the Annual Eligibility Review (AER). Under AER all families with children in HFP including AIM infants must provide family income and other information by the annual anniversary date in order for the program to evaluate the family's continuation in the HFP for another year. Under normal circumstances, families are given 60 days' advance notice of the AER requirements, in order to give the program enough time for redetermination of eligibility. If the AIM

infant was enrolled late, his or her eligibility would end soon after the enrollment because the AER advance notice could not be sent in time to generate a timely response.

Therefore, it was necessary to amend Section 2699.6625, Annual Eligibility Review for Subscribers, to include procedures to ensure that families of AIM infants who are enrolled late, can complete the Annual Eligibility Review Process in time to determine continued eligibility beyond twelve months of age. This will assure that the HFP has the information necessary to complete the AER within the timelines required under California's State Plan for the federal State Children's Health Insurance Program which funds the HFP.

MRMIB will work with the administrative vendor for the HFP and AIM Program to assure that families are made aware of the additional AER information that will need to accompany a late AIM infant enrollment.

Section 2699.6631

Specific Purpose of the Changes

This section describes the initial enrollment period for child-linked adults. This section was amended to reflect citation changes because of re-lettering in Section 2699.6600 and to reflect the actual title of the Add a Person Form.

Rational for Necessity of the Changes

Amend Subsection 2699.6631(a). The citation 2699.6600(c)(1)(S) was changed to 2699.6600(c)(1)(T) because of reformatting in Section 2699.6600.

Amend Subsection 2699.6631(b). The citation 2699.6600(c)(1)(S) was changed to 2699.6600(c)(1)(T) because of reformatting in Section 2699.6600.

Amend Subsection 2699.6631(c) to reflect the title of the Add a Person Form.

Article 3. Share of Cost for Health Benefits

Section 2699.6705

Specific Purpose of the Change

This section describes the share of cost for health benefits. This section was amended to reflect a citation change due to re-lettering in Section 2699.6600.

Rational for Necessity of the Change

Amend Subsection 2699.6705(a)(6). The citation 2699.6600(c)(1)(FF) was changed to 2699.6600(c)(1)(GG) because of reformatting in Section 2699.6600.

Section 2699.6715

Specific Purpose of the Change

This section describes the share of cost for dental benefits for subscriber children. This section was amended to reflect a citation change because of re-lettering in Section 2699.6600. **NOTE: This change was not reflected in the emergency regulations but is being made through the Notice and Public Hearing process.**

Rational for Necessity of the Change

Amend Subsection 2699.6715(d). The citation 2699.6600(c)(1)(FF) was changed to 2699.6600(c)(1)(GG) because of reformatting in Section 2699.6600.

Section 2699.6717

Specific Purpose of the Change

This section describes the share of cost for dental benefits for subscriber parents. This section was amended to reflect a citation change because of re-lettering in Section 2699.6600.

Rational for Necessity of the Change

Amend Subsection 2699.6717(c). The citation 2699.6600(c)(1)(FF) was changed to 2699.6600(c)(1)(GG) because of reformatting in Section 2699.6600.

Section 2699.6725

Specific Purpose of the Change

This section describes the share of cost for vision benefits. This section was amended to reflect a citation change because of re-lettering in Section 2699.6600.

Rational for Necessity of the Change

Amend Subsection 2699.6725(e). The citation 2699.6600(c)(1)(FF) was changed to 2699.6600(c)(1)(GG) because of reformatting in Section 2699.6600.

Article 4. Risk Categories and Family Contributions

Section 2699.6801

Specific Purpose of the Change

This section establishes the risk categories upon which health plans in the HFP base the monthly contract plan rate paid by the board to the plans for coverage. The rating categories are geography, based on subscriber residence, and age of the subscriber, with a separate age band for infants in HFP under the age of one. These regulations establish an additional age category for AIM born infants entering the HFP.

Rational for Necessity of the Change

Subsection 2699.6801(a)(1) was amended to note that there will be a separate rating category for AIM infants; Subsection 2699.6801(a)(1) references a new subsection (c), entitled Subscriber Rates for AIM Infants. Subsection (c) (1) (A) states the AIM infant rate is available only to health plans that also participate as contractors in the AIM program. The rate covers the health plan's entire service area rather than only the geographic regions in HFP. The first provision is necessary because AIM infants will be born under the health plan their mothers selected when entering the AIM program, and, in accordance with changes to Section 2699.6619, Transfer of Enrollment, will not be transferred to another health plan until the third calendar month of birth. The second provision is made to be more consistent with the way plans are paid in the AIM Program, where the global fee which covers the mother is paid on a service area basis. The AIM infant rate category will also be a global fee, which will cover through the infant's second month of life. Consistency is necessary to assure that an AIM health plan can develop a rate that covers its risk, since the AIM mother's global fee and the AIM infant's global fee cover a continuum of health plan costs for the pregnancy, birth and post-natal costs. This regulation establishes the basis for the rate. The amount of the rate is negotiated between the Board and each health plan as part of the contracting process.

Subsection 2699.6801 (c) (1) (B) states that the subscriber rate for AIM infants shall cover the birth month through the end of the AIM infant's second month of life. A different rate for AIM infants is necessary because AIM infants will enter the HFP at birth, whereas, for other infants born to HFP member families who are not AIM mothers, the starting date of coverage is like other HFP subscribers, ten calendar days after determination of eligibility for other HFP subscribers. There is a higher cost and higher potential risk for infants during the first ten days of life; for part of this time, the AIM infant will still be in the hospital, and there is a higher likelihood treating any complications from the birth. Therefore, the HFP monthly infant rate, which covers an HFP born infants from ten days old to their first birthdays, would not be adequate to cover the health plan's risk. An initial global fee is being established to cover the higher

level of risk and to assure AIM/HFP health plans of adequate compensation for the additional risk. The fee will cover up through the second month of age, when AIM infants become eligible for transfer. At that point, the regular HFP infant rate will be adequate to cover the AIM infant's risk, which at this point should be no different from that of an HFP infant.

Section 2699.6809

Specific Purpose of the Change

This section sets out the family contribution amounts. It was amended to include AIM infant subscribers.

Rational for the Necessity of the Changes

Amend Subsection 2699.6809(a)(1)(B). "These rates are also applicable for subscribers who entered the program as AIM infants" was added to explain that an AIM infant's monthly subscriber contribution will be \$9 per child, with a maximum required family child contribution of \$27.

Amend Subsection 2699.6809(a)(2)(B). "These rates are also applicable for subscribers who entered the program as AIM infants" was added to explain that an AIM infant's monthly subscriber contribution is \$6 if the infant is covered by a community provider plan, with a maximum family child contribution of \$18. These rates are the same as the rates for HFP children in families with income over 150% of the federal poverty guidelines. By definition, all AIM infants are in families with incomes over 200% of the federal poverty guidelines.

Add Subsection 2699.6809(h). This subsection was added to explain that, if an AIM infant is enrolled in a different health plan from his or her siblings until the Open Enrollment period after the AIM infant's first birthday, the family child contribution will be the family child contribution for the siblings, plus the contribution rate for one more child at the same rate, up to the maximum required contribution.

Section 2699.6813

Specific Purpose of the Changes

This section describes the family contribution payment for the program. This section was amended to reflect citation changes because of re-lettering in Section 2699.6600.

Rational for Necessity of the Changes

Amend Section 2699.6813. The citation 2699.6600(c)(1)(FF) was changed to 2699.6600(c)(1)(GG) because of reformatting in Section 2699.6600.

Amend Subsection 2699.6813(a). The citation 2699.6600(c)(1)(FF) was changed to 2699.6600(c)(1)(GG) because of reformatting in Section 2699.6600.

These regulations were presented to the Managed Risk Medical Insurance Board at three public meetings of the Board. Draft regulations were presented at the November 19, 2003. Final regulations were originally adopted by the Board at the January 28, 2004 meeting. However after the approval, staff received additional input from stakeholders and health plans participating as contractors in AIM about ensuring that there would be adequate coverage to AIM born infants whose mothers had not yet formally enrolled the infants into the HFP. The regulations were revised to make it easier for a mother to enroll her infant in HFP and to assure payment to the health plan of the initial plan rate established in HFP regulations Section 2699.6801. If the infant is in immediate need of health services during the period covered by the initial plan rate, the infant may be enrolled by the plan or health care provider without prior payment of premiums. The regulations were resubmitted to the Board at their March 24, 2004 meeting. The Board rescinded their January 28 approval and approved the regulations as revised. The Office of Administrative Law approved the emergency regulations effective July 1, 2004. One section, 2699.6705, Share of Cost for Health Benefits, is being amended through this notice to revise a cross reference which was not included in the approved emergency regulations.

OBECTIONS OR RECOMMENDATIONS AND RESPONSES

45-Day Written Comment Period and Public Hearing

No written comments were received prior to the Public Hearing held on September 15, 2004, and no oral or written comments were received during the public hearing.

Post 45-Day Written Comment Period and Pubic Hearing-MRMIB Staff Comments

As the result of further review, MRMIB staff, in a letter to the Executive Director of the MRMIB, proposed changes to Chapter 5.8, Section 2699.6625, Annual Eligibility Review for Subscribers, to include procedures to ensure that families of AIM infants who are enrolled late, can complete the Annual Eligibility Review Process in time to determine continued eligibility beyond twelve months of age. The suggested changes were approved by the Executive Director and made available to the public for a 15-day Written Public Comment Period. The Board adopted the changes at their October 27, 2004 Board meeting

15-Day Re-Notice of Changes

No written comments were received during the comment period for the 15-day re-notice of proposed changes.

DATA, STUDIES, AND REPORTS RELIED UPON

MRMIB did not rely upon any specific written reports or documents in developing these regulations, other than the cited laws and regulations. MRMIB relied upon its own experience in managing the AIM and Healthy Families programs, input from PricewaterhouseCoopers on the establishment of the infant global fee and input from health plans participating in AIM and the HFP.

DOCUMENTS INCORPORATED BY REFERENCE

- * In the AIM regulations, Section 2699.201(d)(1), the application, entitled "Access for Infants and Mothers (AIM) Application" (July, 2002) has a revision date of June, 2004.
- * In the HFP regulations, Section 2699.6617, the "Add a Person Application" (HF FM 67, 09/14/01) has been revised to the "Add a Person Form" (HF FM 067 EN 11/17/2003).

CONSIDERATION OF ALTERNATIVES

In accordance with Government Code Section 11346.5(A) (7), the Managed Risk Medical Insurance Board has determined that no reasonable alternative considered by the Board, or that has been otherwise identified and brought to the attention of the Board, would be more effective in carrying out the purpose for which the regulations are proposed or would be as effective and less burdensome to affected private persons than the proposed regulations.

LOCAL MANDATE

The Managed Risk Medical Insurance Board has determined that the regulations would not impose a mandate on local agencies or school districts, nor are there any costs for which reimbursement is required by Part 7 (commencing with Section 17500) of Division 4 of the Government Code.

BUSINESS IMPACT

The Board has assessed the impact of these regulatory changes on California businesses, including small businesses. There is no known significant statewide adverse economic impact directly affecting California businesses, including the ability of

California businesses to compete with businesses in other states. The changes mainly involve individual families applying for the AIM Program, whose babies will be receiving health coverage through the HFP after July 1, 2004. The regulations also impact businesses that are health plan contractors in the AIM and HFP programs, but include a method for reimbursing the plans for the additional costs of covering AIM babies who are automatically enrolled into the HFP. Participation in the HFP and AIM programs by health plans is voluntary. Any additional revenue to health plans resulting from this reimbursement will not be significant enough to either create new jobs or businesses or eliminate existing jobs or businesses or affect the expansion of businesses currently doing business within California.

Addendum to Final Statement of Reasons

DOCUMENTS INCORPORATED BY REFERENCE

- * In the AIM regulations, Section 2699.201(d)(1), the application, entitled "Access for Infants and Mothers (AIM) Application" (July, 2002) has a new revision date of June, 2004.
- | * In the HFP regulations, Section 2699.6617, the "Add a Person Application" (HF FM 67, 09/14/01) has been revised to the "Add a Person Form" (HF FM 067 EN 11/17/2003).
- (1) The "Access for Infants and Mothers (AIM) Application" and the "Add a Person Application" are part of larger application booklets and it would be too cumbersome, unduly expensive, and otherwise impractical to publish these documents in the California Code of Regulations.
- (2) The "Access for Infants and Mothers (AIM) Application" and the "Add a Person Application" are and were made available upon request directly from the agency and are available to the affected public from each participating health plan.